

*These notes refer to the Vehicles (Crime) Act 2001
(c.3) which received Royal Assent on 10 April 2001*

VEHICLES (CRIME) ACT 2001

EXPLANATORY NOTES

SUMMARY AND BACKGROUND

Part 1: Regulation of Motor Salvage Operators

5. A consultation paper with proposals to regulate the salvage industry was issued on 27 April 2000. The consultation paper put forward three options:
 - to rely on present statutory controls, which are limited as the motor salvage and dismantling industry is only regulated for environmental purposes;
 - to rely on a voluntary Code of Practice developed by the insurance industry and aimed at the responsible disposal of those vehicles written-off by insurers;
 - to introduce additional statutory regulation.
6. Twenty-six organisations replied to the consultation document. Of these twenty-two endorsed the proposal for more statutory regulation. In the light of the responses to the consultation document the Home Secretary decided that the preferred way forward was to bring the motor salvage industry within a proper framework of statutory regulation.
7. The aim is to reduce the opportunity for disposing of stolen vehicles within the salvage industry by, for example:
 - giving the identity of legitimate vehicles which have been seriously damaged or written-off to stolen vehicles (a process known as "ringing");
 - breaking up stolen vehicles for their component parts which are then re-used to repair other vehicles or sold into the market for second hand spares;
 - disposing of vehicles and then fraudulently reporting them as stolen to insurance companies.
8. The scale of this problem can only be estimated. However, official statistics (Criminal Statistics: England and Wales, 1997) indicate that about 70% of stolen vehicles are recovered. The problem is measured by those vehicles which are not recovered. The Motor Salvage Regulation Task Force of the Home Office Vehicle Crime Reduction Action Team estimated that 25% of these non-recovered vehicles were used for "ringing" and 40% were broken for their parts. In addition, a further 20% are thought to be the subject of insurance fraud.
9. This suggests that up to 78,000 vehicles every year are likely to have been used for "ringing" or broken up for parts. To this figure can be added a proportion of insurance frauds, estimated at up to 12,000 vehicles.
10. By regulating this industry it is believed that up to 39,000 vehicle thefts and 6,000 fraudulent insurance claims could be avoided per year.